The City of Frisco

Annual Enrollment Benefits Guide

Your Benefit Options For 2012

Table of Contents

FRISCO
PROGRESS IN MOTION

Benefits Overview

The City of Frisco is committed to providing a competitive, cost-effective benefit program. Your Annual Enrollment benefit elections are effective January 1, 2012. Please read this information carefully to insure that the appropriate benefit decisions are made for you and your family.

Our Benefits Program Has You Covered

Most days, we all count on our simple routines to get us through: getting the kids to school, beating the traffic to work and finishing dinner in time to enjoy a favorite hobby. But sometimes things don't always go as planned. Like when your head cold turns into the flu and you have to be out of work. Or your son's football game ends with a broken leg. Or even when your spouse learns he needs an extensive root canal. That's when the City of Frisco's benefits are there to help you take care of you and your family's health.

Below is an overview of our benefits program, which gives you the coverage you need for all types of things life brings your way.

Medicare Part D

NOTE: If you have Medicare or will become eligible for Medicare in the next 12 months, a Federal law gives you more choices about your prescription drug coverage. Please see page 30 for more details.

Who Is Eligible

You are eligible to enroll in the City of Frisco's benefit plans if you are a:

- Regular, full-time employees budgeted to work at least 30 hours per week. As a regular, full-time employee, you are eligible for benefits on the first day of the month following 30 days of eligible continuous service.
- Part-time employees that become full-time employees. As a full-time employee, you are eligible for benefits on the first day of the month following 30 days of full-time continuous service.

Dependent Eligibility

You may also cover your eligible dependents, including:

- Your legal spouse. (Valid Certificate of Marriage or legal declaration of informal marriage may be required.)
- Your eligible children up to age 26. **"Children" are defined as your natural children, step-children, legally-adopted children and children for whom you are the court-appointed legal guardian.**
- Physically or mentally disabled children of any age who are incapable of self-support. Proof of disability may be requested.

NOTE: Anyone eligible as an employee is not eligible as a dependent.

If your child becomes ineligible for benefits (i.e., turning age 26), you must notify Human Resources within 30 days at 972.292.5200.

When Coverage Begins

Initial Enrollment /Annual Enrollment

- New hires and Rehires: When you first join the City of Frisco and are electing benefits for the first time, you have 30 days to enroll yourself and your dependents for benefits. Coverage begins the first of the month following 30 days of employment if all enrollment requirements are completed and submitted to Human Resources. If you do not enroll within 30 days of becoming eligible, you will automatically be enrolled for Employee Only coverage in the lowest cost plan to the employee. You will have to wait until the next Annual Enrollment to enroll for other benefits and make changes to coverage.
- Part-time to Full-time status change: Coverage begins the first of the month following 30 days of continuous full-time employment.
- Newborns: Coverage is retroactive to the date of birth provided verification of birth and enrollment is completed within 31 days of birth.
- Adoptions: Coverage is effective the date the child is placed in the employee's home for adoption or for whom legal adoption proceedings have started.
- Annual Enrollment: Coverage for changes or new benefits elections made during Annual Enrollment will take effect on January 1, 2012.

NOTE: New hires, rehires and part-time employees becoming full-time with a start date of January 30th or 31st will have benefits effective March 1st.

Enrollment Instructions

1. Review the Benefits
   Read this booklet thoroughly for details of your benefits options.

2. Consider Your Choices Carefully
   After your enrollment period ends, you cannot change your benefit elections until the next Annual Enrollment unless you have a qualifying event. The next Annual Enrollment is in October 2011 with coverage effective January 1, 2012.

3. Enroll Online
   Complete the enrollment process by **Noon Friday, October 28, 2011.** Log in to Employee Self Service (ESS) at the City's intranet, CityLink, or **http://chv-munisweb/mss/**.

4. Turn in to HR any required forms applicable to your benefit elections by **Noon Friday, October 28, 2011**. The following forms may be required:

   - Certification of Other Coverage (if you choose to Opt Out) even if this is not a change from your current benefits. This form is included in the back of this Guide, through ESS and at CityLink.
   - Evidence of Insurability (EOI) for self or spouse should you choose to increase or elect optional life insurance. EOI forms are available at CityLink.

Helpful Definitions

- Annual Enrollment – The period during which existing employees are given the opportunity to enroll in or change their current elections.
- Calendar Year – January 1 through December 31 of each year

- Coinsurance – The amount of eligible charges that the plan pays for a covered health service
- Copayment (Copay) – The amount paid by a covered person to a network provider at the time service is rendered. Copayments for covered services are not applied to your deductible or maximum out of pocket expenses.
- Deductible – The amount you pay each calendar year before the plan begins to pay covered health care expenses. This is not applied towards the Out-of-Pocket Maximum.
- Explanation of Benefits (EOB) – A statement that shows the amount of the claim that is your responsibility and the amount paid to your provider. It also shows how much, if anything, your provider must write off due to your group medical plan participation. You are not responsible for this amount.
- Medical Emergency – A sudden, serious, unexpected and acute onset of an illness or injury where a delay in treatment would cause irreversible deterioration resulting in a threat to the patient's life or body part.
- Network Benefits – The benefits applicable for the covered services of a network provider
- Out-of-Pocket Maximum – The maximum amount of coinsurance a covered person will pay in a calendar year for covered health care expenses (excluding reductions for provider contracts, copays, and deductibles)

Changing Your Coverage

Once you make your benefit elections, these choices remain in effect until the next Annual Enrollment unless you have a qualified status change or you or your eligible dependents become eligible for coverage through special enrollment rules. If you have a qualified status change or you have another allowable event, you can make certain changes during the plan year. However, you must make your enrollment change within 31 days of the event by submitting to Human Resources the required documentation and enrolling online at http://chv-munisweb/mss/. If you do not fulfill the enrollment requirements within 31 days, you will have to wait until the next Annual Enrollment to make new elections.

Qualified status changes include, but are not limited to:

- Change in number of eligible dependents due to birth, adoption, placement for adoption or death
- Gain or loss of dependent status (i.e., your child reaches the age limit for eligibility)
- Change in legal marital status, including marriage, divorce, or death of a spouse
- Change in residence or workplace that changes your or your dependent's eligibility for coverage
- Change in employment status, such as starting or ending employment, for you, your spouse or your children
- Spouse's Open Enrollment
- Reduction or increase in hours of employment such as changing from Part-time to Full-time (or vice versa) employment
- End of the maximum period for COBRA coverage

For a more complete list of qualified status changes, refer to the Summary Plan Description available at CityLink.

Special Enrollment Rules

If you choose not to enroll yourself or your dependents (including your spouse) because you have other coverage (excluding private insurance policies), you may be able to enroll yourself and your dependents at a later date if:

- You or your dependents lose Medicaid or Children's Health Insurance Program ("CHIP") coverage as a result of a loss of eligibility for such coverage, or
- If you or your dependents become eligible for a premium assistance subsidy under Medicaid or CHIP.
- You must enroll within 60 days of the qualified events shown in the "Special Enrollment Rules" above.

If your dependents also had other health coverage and lost that coverage in the above situations, they may be added to your coverage. However, you will not be able to add yourself or your dependents to this coverage if the other coverage was terminated "for cause" (including failure to pay the required premiums on time).

In addition to the changes described above, you may enroll yourself and your spouse (with or without the new dependent) in a City of Frisco health plan following marriage or the adoption, placement for adoption, or birth of a child, as long as you request enrollment within 30 days of the event. You must be enrolled in those benefit plans in which you wish to cover your dependents. If you have a special enrollment event and want to enroll for health coverage, call Human Resources at 972-292-5200.

Wellness Program

Frisco Athletic Center (FAC)

The City reimburses employee's monthly membership fee for each calendar month in which the **employee** works out at least 10 times. A signed agreement must be submitted to Human Resources at initial sign up only. The employee must scan in at the FAC upon arrival for a work out session; only one scan per day is valid. Human Resources will verify attendance before reimbursements are processed for payment on the second pay check of the following month. These reimbursements are taxed per IRS regulations.

Wellness Incentive

Employees who completed the Health Assessment at www.myuhc.com prior to October 1, 2011 are eligible to enroll in the medical insurance rates "With Wellness Incentive." This wellness incentive represents a $20 monthly ($10 per pay period) discount only in medical premiums at all insurance levels (i.e. Employee Only, Employee plus Spouse, etc.).

Wellness Exams Covered 100%

Adult wellness exams, well-child exams, and immunizations are covered at 100% (no copay necessary) beginning January 2012. To determine recommended wellness exams for you and your family, visit www.myuhc.com/Benefits & Coverage and select Preventive Care under Common Benefit Searches.

Tobacco and Smoking Cessation

UHC offers a Tobacco and Smoking Cessation program to help you understand the harms of smoking and benefits of quitting; identify common obstacles to quitting; understand nicotine replacement therapy options and nicotine withdrawal; deal with temptations; and find support and prevent relapse. Program features include: Quit Date Selection Tool which monitors your progress; Tobacco Tracker to monitor the number of cigarettes you smoke; Virtual Tar Jar demonstrates how your lungs are affected by tobacco exposure; and Cost of Smoking Calculator shows you the weekly and annual cost of tobacco use. Other great features are included and can be accessed at **www.myuhc.com**.

Online Health Coach: Smoking Cessation Program

This program is tailored to your individual smoking habits and needs. You'll set a "Quit Date" and begin a staged approach to stop smoking. This program features five levels with tips on how to quit, smoking cessation information and access to additional interactive tools to help keep you on track to meet your Quit Date goal. To access this program, log on to **www.myuhc.com**, click 'Health&Wellness,' then 'Your Personal Health Center' on the right side of the screen.

Taxes and Your Employee-Paid Benefits

Your cost for Medical, Dental and Vision plans and your contribution elections for the Flexible Spending Account will be deducted from your paychecks on a **before-tax basis** through your payroll deductions. This means that your benefit deductions go farther because you save the federal income tax that would otherwise be required on these contributions. Optional Life and AD&D insurance will be taken from your paycheck on an **after-tax basis**. City of Frisco employees are paid bi-weekly and receive 26 paychecks annually; however, benefits are deducted semi-monthly and for a total of 24 benefit deductions.

Employee Contributions

The premiums below are effective Jan. 1, 2012-Dec. 31, 2012. If you are eligible for the Wellness Incentive, calculate your medical premium by subtracting $20 from the Monthly or $10 from the Per Pay Period premiums below. Refer to Wellness Incentive on preceding page for details.

UHC Choice Plus Medical PPO No Deductible				
Coverage Level	Total Monthly $	City Monthly $	Your Monthly $	Your Per Pay Period $
Employee Only	$741.00	$617.00	$124.00	$62.00
Employee+Spouse	$1,441.00	$975.00	$466.00	$233.00
Employee+Children	$1,230.00	$796.00	$434.00	$217.00
Employee+Family	$1,861.00	$1,094.00	$767.00	$383.50

UHC Choice Plus Medical PPO Low Deductible				
Coverage Level	Total Monthly $	City Monthly $	Your Monthly $	Your Per Pay Period $
Employee Only	$678.00	$617.00	$61.00	$30.50
Employee+Spouse	$1,314.00	$954.00	$360.00	$180.00
Employee+Children	$1,123.00	$771.00	$352.00	$176.00
Employee+Family	$1,696.00	$1,070.00	$626.00	$313.00

UHC Choice Plus Medical PPO High Deductible				
Coverage Level	Total Monthly $	City Monthly $	Your Monthly $	Your Per Pay Period $
Employee Only	$618.00	$547.00	$35.00	$17.50
Employee+Spouse	$1,174.00	$954.00	$169.00	$84.50
Employee+Children	$988.00	$771.00	$190.00	$95.00
Employee+Family	$1,544.00	$1,070.00	$378.00	$189.00

FRISCO
PROGRESS IN MOTION

Delta Dental PPO (DPPO) Plan				
Coverage Level	Total Monthly $	City Monthly $	Your Monthly $	Your Per Pay Period $
Employee Only	$26.00	$18.10	$7.90	$3.95
Employee+Spouse	$49.00	$33.10	$15.90	$7.95
Employee+Children	$60.00	$40.30	$19.70	$9.85
Employee+Family	$83.00	$55.80	$27.20	$13.60

Assurant Dental (DHMO) Plan				
Coverage Level	Total Monthly $	City Monthly $	Your Monthly $	Your Per Pay Period $
Employee Only	$12.88	$8.50	$4.38	$2.19
Employee+Spouse	$21.94	$15.36	$6.58	$3.29
Employee+Children	$28.96	$20.28	$8.68	$4.34
Employee+Family	$37.00	$25.90	$11.10	$5.55

Vision Service Plan (VSP) Vision Plan				
Coverage Level	Total Monthly $	City Monthly $	Your Monthly $	Your Per Pay Period $
Employee Only	$4.56	$0.00	$4.56	$2.28
Employee+Spouse	$8.54	$0.00	$8.54	$4.27
Employee+Children	$9.10	$0.00	$9.10	$4.55
Employee+Family	$14.18	$0.00	$14.18	$7.09

Medical Plans

The City of Frisco's medical plans are administered by UnitedHealthcare (UHC) and are in the Choice Plus PPO network. All three options provide coverage for the same types of expenses, such as doctor's office visits, preventive care, prescription drugs and hospitalization. You choose the option that makes the most sense for you and your family based on your needs and what you want to pay for coverage. You will receive new ID cards for your 2012 medical plan elections.

www.myuhc.com

www.myuhc.com makes managing your personal health and benefits easy and convenient. Learn about health conditions, treatments, and costs; check medical and Flexible Spending Account claims status; find a provider; print a temporary ID card or request a replacement ID card; or use Pharmacy Online to order and renew prescriptions. It's all online and at your fingertips after you register at **www.myuhc.com**.

Preferred Provider Organization (PPO)

The PPO plans offer in-network and out-of-network benefits. When you need care, you decide whether to choose a UnitedHealthcare (UHC) in-network provider or an out-of-network provider. If you receive care from in-network doctors and facilities, your out-of-pocket costs will be lower than if you use out-of-network providers and facilities because UHC's network providers discount their fees. And, with in-network providers, you generally do not have to file claims.

If you choose to receive care from an out-of-network provider, the medical plan pays a lower benefit and you must file a claim to receive reimbursement for covered expenses. It is recommended that you contact UHC to verify that the provider has a contract in effect prior to receiving services; otherwise, you will be responsible for paying additional non-network fees.

Opt Out of Medical Coverage

Provided you show valid proof of other comparable medical plan coverage, you may choose to Opt Out of medical coverage. If you choose this option, you must provide proof of other comparable medical coverage and complete a "Certification of Other Comparable Coverage" form. This form is available as at CityLink. Both documents must be received by the City's Human Resources Department within the enrollment deadline of **Noon Friday, October 28, 2011**. If you do not provide a Certification of Other Coverage Form within this deadline, or if your proof of coverage is found to be invalid, the City can enroll you in the PPO High Deductible Plan, Employee Only coverage.

If you select Opt Out you are considered "absent" from the medical plans. You are not eligible for continuation of medical coverage (COBRA) if you elect to Opt Out of medical coverage. Make sure you provide current valid proof of your comparable medical coverage during Annual Enrollment. Examples of other coverage that cannot be used to Opt Out of the City's medical plan include Tri-Care supplemental coverage, student insurance and medical payments coverage provided as part of your auto insurance policy. The City will require proof of other coverage. Check with Human Resources if you have questions.

NurseLine

The NurseLine provides immediate access to experienced registered nurses 24 hours a day, seven days a week. Simply call 1-800-846-4678. The nurses can help you find a doctor or hospital, understand treatment options, answer your medical questions and choose appropriate medical care. This is an absolutely FREE service to you!

Healthy Pregnancy Program

Do you have questions or concerns about your current pregnancy? The Healthy Pregnancy Program provides 24-hour toll-free access to experienced nurses by calling 1-800-411-7984 or visiting **www.healthy-pregnancy.com**. The nurses can help identify your risks and special needs as well as provide you with pregnancy and childbirth education materials and resources. And there are FREE gifts and savings for the mother and baby!

Coordination of Benefits

Coordination of Benefits (COB) applies to you if you are covered by more than one health benefits plan, including any one of the following:

- Another employer sponsored health benefits plan;
- Medical component of a group long-term care plan, such as skilled nursing care;
- No-fault or traditional "fault" type medical payment benefits or personal injury protection benefits under an auto insurance policy;
- Medical payment benefits under any premises liability or other types of liability coverage; or
- Medicare or other governmental health benefit.

If coverage is provided under two or more plans, COB determines which plan is primary and which plan is secondary. The plan considered primary pays its benefits first, without regard to the possibility that another plan may cover some expenses. Any remaining expenses may be paid under the other plan, which is considered secondary. The secondary plan may determine its benefits based on the benefits paid by the primary plan. Details are available in the plan documents available at CityLink.

Is Your Doctor In the UHC Network?

Providers in the UHC network may change periodically, with new ones joining the network and current ones exiting the network. To find out if your doctor participates in the network, check the Provider Directory at **www.myuhc.com**.

Medical Plan Highlights–Choice Plus PPO No Deductible

Plan Provision	In-Network Coverage	Out-of-Network Coverage
Annual Deductible (Not applicable to Out-of-Pocket Max)	No deductible No deductible	No deductible No deductible
Annual Out-of-Pocket Maximum (Excluding Deductible and Copays)	$1,750 individual $3,500 family	No maximum No maximum
Lifetime Maximum	Unlimited	Unlimited
Co-Insurance	90%	60%
Preventive Care		
Adult physical examinations, including diagnostic tests and immunizations	$0 copay PCP $0 copay Specialist	Not covered
Well-woman exams, including mammogram and Pap test	$0 copay PCP $0 copay Specialist	Not covered
Well-child pediatric care, including diagnostic tests and immunizations	$0 copay PCP $0 copay Specialist	Not covered
Office Visits and Outpatient Care		
Office visit, including Chiropractor and Allergist	$25 copay PCP $40 copay Specialist (1 copay for Prenatal visits)	60% after your deductible
Outpatient surgery	90% after your deductible	60% after your deductible
Diagnostic Services, including lab, radiology and x-ray	100%; deductible waived	60% after your deductible
Advanced Diagnostic Services CT Scans, Pet Scans, MRI	90% after your deductible	60% after your deductible
Inpatient Hospital Care		
General Services	$150 copay per day (max 4 copays per confinement)	60% after your deductible
Emergency Room Treatment within 72 hours	$150 copay per visit	$150 copay per visit
Urgent Care	$40 copay per visit	60% after your deductible

Medical Plan Highlights–Choice Plus PPO Low Deductible

Plan Provision	In-Network Coverage	Out-of-Network Coverage
Annual Deductible	$250 individual $500 family	$500 individual No family deductible
Annual Out-of-Pocket Maximum (Excluding Deductible and Copays)	$2,750 individual $5,500 family	No maximum No maximum
Lifetime Maximum	Unlimited	Unlimited
Co-Insurance	80%	60%
Preventive Care		
Adult physical examinations, including diagnostic tests and immunizations	$0 copay PCP $0 copay Specialist	Not covered
Well-woman exams, including mammogram and Pap test	$0 copay	Not covered
Well-child pediatric care, including diagnostic tests and immunizations	$0 copay PCP $0 copay Specialist	Not covered
Office Visits and Outpatient Care		
Office visit, including Chiropractor and Allergist	$25 copay PCP $40 copay Specialist (1 copay for Prenatal visits)	60% after your deductible
Outpatient surgery	80% after your deductible	60% after your deductible
Diagnostic Services For lab, radiology and x-ray	100%; deductible waived	60% after your deductible
Advanced Diagnostic Services CT Scans, Pet Scans, MRI	80% after your deductible	60% after your deductible
Inpatient Hospital Care		
General Services	80% after your deductible	60% after your deductible
Emergency Room Treatment within 72 hours	$150 copay per visit	$150 copay per visit
Urgent Care	$40 copay per visit	60% after your deductible

Medical Plan Highlights–Choice Plus PPO High Deductible

Plan Provision	In-Network Coverage	Out-of-Network Coverage
Annual Deductible	$1,500 individual $3,000 family	$3,000 individual No family deductible
Annual Out-of-Pocket Maximum (Excluding Deductible and Copays)	$3,000 individual $6,000 family	No maximum No maximum
Lifetime Maximum	Unlimited	Unlimited
Co-Insurance	80%	60%
Preventive Care		
Adult physical examinations, including diagnostic tests and immunizations	$0 copay PCP $0 copay Specialist	Not covered
Well-woman exams, including mammogram and Pap test	$0 copay PCP $0 copay Specialist	Not covered
Well-child pediatric care, including diagnostic tests and immunizations	$0 copay PCP $0 copay Specialist	Not covered
Office Visits and Outpatient Care		
Office visit	$50 copay PCP $50 copay Specialist (1 copay for Prenatal visits)	60% after your deductible
Outpatient surgery	80% after your deductible	60% after your deductible
Diagnostic Services For lab, radiology and x-ray	100%; deductible waived	60% after your deductible
Advanced Diagnostic Services CT Scans, Pet Scans, MRI	80% after your deductible	60% after your deductible
Inpatient Hospital Care		
General Services	80% after your deductible	60% after your deductible
Emergency Room Treatment within 72 hours	$150 copay per visit	$150 copay per visit
Urgent Care	$50 copay per visit	60% after your deductible

Prescription Drug Coverage

Medco is the Pharmacy Benefit Manager for prescription drug benefits and works with UHC to administer these benefits. When you enroll in one of the City's medical plans, you will automatically receive prescription drug coverage. When you need prescriptions, you can purchase them through a local retail pharmacy. Medications you take on an ongoing basis can be ordered through the mail order program, which will save you money.

Retail Prescription Program

The retail prescription program uses a network of participating pharmacies. To receive the highest level of benefits, you must use a participating pharmacy. Prescriptions you fill at non-participating pharmacies may be covered at a significantly higher cost to you. You can find a participating pharmacy at **www.myuhc.com**.

Also, there are several grocery stores that are offer generics at a reduced price, sometimes as low as $4 per prescription for a 30 day supply and $10 for a 90 day supply. Please review the prescription drug lists provided at the links below to find out if your prescription is on the list.

- **http://i.walmart.com/i/if/hmp/fusion/genericdruglist.pdf**
- **http://sites.target.com/site/en/spot/page.jsp?title=pharmacy_generic_drugs_condition**
- **http://www.kroger.com/generic/Pages/alpha_listing.aspx**

Mail Order Program

The mail order program offers a convenient and cost-effective way to fill prescriptions for medications that you take on a regular basis (maintenance medications). With the Mail Order Program, your medications are mailed directly to you at home or work. To order prescriptions through the mail order program, you must fill out and return a mail order form and return it with your payment and a 90-day prescription from your doctor. Mail order forms are available from your HR Department.

The UnitedHealthcare Specialty Pharmacy Program

Specialty medications are critical to improving the health and lives of individuals and are also some of the most expensive medications being used today. Specialty medications treat chronic and complex conditions such as Hepatitis C, Multiple Sclerosis and Rheumatoid Arthritis. These drugs can require frequent dosing adjustments, specialized handling and specialized administration, such as injection. UHC wants to make these medications accessible and affordable for you and the City.

How do I locate a Specialty Pharmacy?

Step 1: After receiving a prescription for a specialty medication, call the UHC Specialty Pharmacy Referral toll-free telephone number at 1-866-429-8177.

Step 2: The Specialty Pharmacy Referral Line representative will ask a few questions, verify your medication and then transfer you to an appropriate network specialty pharmacy based on your specific medication.

Step 3: The Specialty Pharmacy representative will answer questions you have and begin the process of working with you and your health care provider to fill your prescription and support your medication needs.

Using a network specialty pharmacy will ensure continuation of your network benefits. If you fill your specialty medication at a non-network pharmacy, you may have to pay more for your medication. Talk to Human Resources if you are unsure of how your specific pharmacy benefit works.

Retail (31-day supply)	Participating Pharmacy	Non-Participating Pharmacy	Mail Order (90-day supply)
All Medical Plans	**Your Copay:**	**Your Copay:**	**Your Copay:**
Generic:	$15	$15	$30
Preferred Brand:	$25	$25	$50
Non-Preferred Brand:	$50	$50	$100

$0 Copay Preventive Drugs

Several prescription medications will become available at no cost to you beginning January 1, 2012. Included on this list will be medications for:

- High Blood Pressure
- Breast Cancer Prevention
- HIV/AIDS
- Blood Clot Platelet Therapy
- Multiple Sclerosis
- Diabetes
- High Cholesterol
- Organ Rejection
- Asthma/COPD
- Osteoporosis
- Vitamins

This list is evaluated annually by UHC's committees of physicians, pharmacists and others. The risks associated with non-adherence to treatment are carefully reviewed. The costs associated with morbidity and potential hospitalization due to complications from a particular disease are carefully weighed. The costs of disability associated with MS flare-ups outweigh the costs of the medication for treating MS. Complications from unmanaged diabetes, such as heart disease, kidney disease and peripheral neuropathy, carry a very high risk of morbidity and potential costly hospitalization.

A complete list of these medications will be available at CityLink as soon as it has been updated for 2012.

Over-the-Counter Medications

Starting January 1, 2012, certain over-the-counter (OTC) medications will be available at a reduced cost of $5.00 per medication. You must present a prescription from your doctor to purchase these drugs for the discounted cost. Please visit CityLink for additional details regarding this program. The medications listed below are covered under this benefit:

- Allegra (or store brand equivalent)
- Zyrtec (or store brand equivalent)
- Claritin (or store brand equivalent)
- Clarinex (or store brand equivalent)
- Prilosec (or store brand equivalent)
- Zantac (or store brand equivalent)

Dental Coverage

The City of Frisco offers two options for dental coverage. The PPO is administered by Delta Dental and the Dental HMO is administered by Assurant. These plans provide you and your family with coverage for typical dental expenses such as cleanings, x-rays, fillings and orthodontia services.

Dental PPO Plan

The Dental PPO allows you the freedom to visit any dentist without referrals for all of your dental care. If you receive care from one of Delta Dental's preferred dentists, you will pay less for your care. If you choose a non-preferred dentist, your share of costs will generally be higher and you may need to file your own claims.

For new enrollees, including employees and dependents who have not been enrolled in a City of Frisco dental plan for 6 months, there is a 6-month waiting period before receiving major and orthodontia benefits. If you or your dependents were enrolled in a City of Frisco dental plan for less than 6 months in 2011, your waiting period will be pro-rated.*(See table below.) ID cards are not provided because they are not required. If you prefer to have a card, you can download a generic one at **www.deltadentalins.com**. For a list of Delta Dental's preferred dentists, visit **www.deltadentalins.com**.

Dental DHMO Plan

The DHMO provides a higher level of benefits and has lower out-of-pocket costs than the Dental PPO. And, there are no deductibles, benefit maximums or claim forms. However, you are required to choose an Assurant primary care dentist and notify Assurant so that you can then receive an ID card. You and your dependents can each select a different primary care dentist and can change this dentist during the year. You are required to obtain referrals from your primary care dentist should you need care from a specialist. For a list of Assurant preferred dentists, call 1-800-443-2995 or visit **www.assurantemployeebenefits.com**.

Dental Plan Highlights

Plan Feature	Delta Dental PPO Plan	Assurant DHMO Plan
Annual Deductible ■ Individual ■ Family	 $50 $150	 No deductible No deductible
Annual Benefit Maximum, for Basic and Major Services	$1,500	Unlimited
Preventive Services (Exams, routine cleanings, fluoride treatments, space maintainers)	100% (no deductible)	Copayment
Basic Services (X-rays, fillings, sealants, denture repairs)	80% after your deductible	Copayment
Major Services (Crowns, inlays, onlays, bridges, dentures)	50% after deductible *	Copayment
Orthodontia for Children and Adults	50% (lifetime benefit of $1,750 maximum)	Copayment

Vision Plan

The City of Frisco's Vision Plan promotes preventive care through regular eye exams and provides coverage for corrective materials, such as glasses and contact lenses. The Vision Plan is administered by Vision Service Plan (VSP).

Vision Coverage

The Vision Plan is designed to cover eye care needs prescribed by Therapeutic Optometrists and Ophthalmologists. Certain cosmetic and elective eyewear is available at an additional cost to you. Your specific plan benefits are available by registering at **www.vsp.com** or contacting VSP at 1-800-877-7195 before making your purchase.

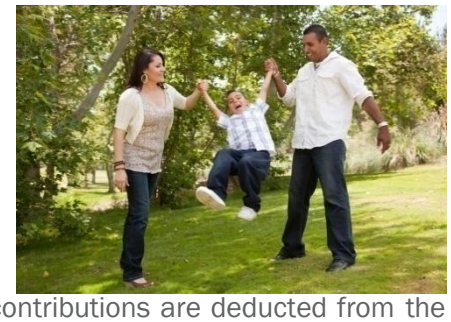
Plan Feature	In-Network	Non-Network (Reimbursement)
Eye Exam	$30 copay	Up to $43
Standard Plastic Lenses	Covered in full after copayment for Eye Exam	Single vision: $30 Bifocal: $45 Trifocal: $62 Lenticular: $62
Frames	$150 wholesale allowance	Up to $40
Lens Options UV Coating Tint Standard Scratch Resistance Standard Polycarbonate Standard Progressive Standard Anti-Reflective Other add-ons and Services	 20%-25% discount 20%-25% discount 20%-25% discount 20%-25% discount 20%-25% discount 20%-25% discount 20%-25% discount	 Not covered Not covered Not covered Not covered Not covered Not covered Not covered
Contact Lenses* Conventional/Disposables Medically Necessary	 Up to $200 allowance Up to $200 allowance	 Up to $185 Up to $185
Laser Correction	Discounted	N/A
Frequency Examination Frame Lenses and Contact Lenses	 Once each plan year Once each plan year Once each plan year	 Once each plan year Once each plan year Once each plan year

***Allowance includes contact lens fitting/evaluation fee.**

Flexible Spending Account

The City of Frisco allows you to contribute to one or both flexible spending accounts. This benefit will allow you to save taxes on eligible out-of-pocket health care and dependent care expenses. The Flexible Spending Account (FSA) is administered by UHC.

How the FSA Works



The City of Frisco offers two types of accounts:

- Health Care FSA
- Dependent Care FSA

If you elect to contribute to one or both of these, you choose an annual amount to be deducted from each paycheck (a total of 24 paychecks) and deposited into your FSA throughout the year. Your contributions are deducted from the first two paychecks of each month *before* you pay taxes, resulting in a savings by reducing your taxable income. Then when you incur eligible health care or dependent care expenses, you can use the account to reimburse yourself, up to the amount you have elected to contribute to your account for the year.

The IRS allows a grace period for you to incur eligible expenses with the Health Care FSA so that you avoid losing your funds at year end (the "use it or lose it" rule). The deadline to incur health care expenses is March 15, **2013**. There is no such grace period with the Dependent Care account so you must incur these expenses from January 1-December 31, 2012 to avoid forfeiting these funds. If you need to file a claim for reimbursement, you have until April 30, **2013** to do so.

UHC has set up your medical, prescription, dental and vision expenses to be auto-adjudicated when you pay for these expenses without your debit card. This means that, after each vendor processes your claims, they are turned over to UHC's FSA department for to determine if you are enrolled in the Health Care FSA. If so, your claim is automatically processed for reimbursement to you and no action is required on your part. If you prefer to file claims, log on to **www.myuhc.com** and turn off this setting.

For a complete list of eligible expenses, visit **www.myuhc.com**. Claims can be faxed or mailed to UHC and claim forms are available at **www.myuhc.com** and CityLink.

Health Care FSA

You can use the Health Care FSA to pay for eligible out-of pocket expenses that are not covered by another health plan. You and your eligible dependents, even if not enrolled in the City's medical plan, must receive eligible medical, prescription, dental and vision services between January 1, 2012-March 15, 2013. You can contribute a minimum of $5.00 per pay period ($120 annually) and up to $150.00 per pay period ($3,600 annually) to the City of Frisco's Health Care FSA. As with all benefit deductions, these contributions are deducted from the first two checks of each month, for a total of 24 deductions annually. New hires and mid-year enrollees must prorate their contributions.

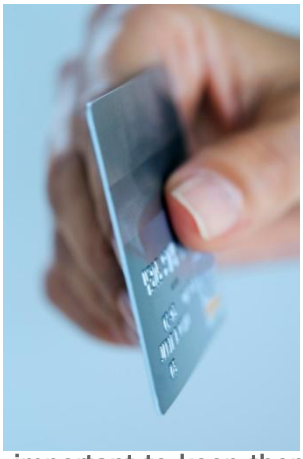
A Note About Over-the-Counter (OTC) Medications

While a doctor's prescription is not needed to purchase OTC drugs, you must submit a prescription with your claim form to receive reimbursement from your Health Care FSA for certain OTC medications. Examples of medications that require you to submit a doctor's prescription for reimbursement include:

- Acid controllers, digestive aids and stomach remedies
- Allergy and sinus medicines
- Cold sore remedies
- Cold, cough and flu drugs

- Pain relief medications, such as asprin or ibuprofen
- Sleep aids and sedatives

How the Debit Card Works



If you enroll in the Health Care FSA, you will receive one debit card in the mail. To request additional debit cards for your family members, please contact UHC.

You can use your debit card at certain places to pay for eligible expenses up-front, such as prescription drugs and office visit co-pays, without having to pay with cash and request a reimbursement. If you use your debit card at a health care provider's office or at a vendor that has the software in place to track eligible FSA expenses, you will not be required to submit a receipt. Most medical offices and pharmacies are set up to accept this form of payment. Some day care centers also accept these debit cards but may charge a fee. Check with your child's day care facility.

The IRS requires claims substantiation for most debit card transactions so it's important to keep them with your tax records. If you choose not to use your debit card, you can always pay for your eligible expenses from your own pocket and file a claim for reimbursement.

Dependent Care FSA

In some cases, a federal child tax credit may save you more money than the Dependent Care FSA. You may want to consult a tax advisor to find which option is best for you.

The Dependent Care FSA helps you afford day care for your children under age 13 or for a disabled dependent. There are some special rules for participating in this account:

- The day care expenses must be necessary so you can work.
- You can only be reimbursed for expenses incurred during the plan year.
- If you are married, your spouse must be:
  - employed, or
  - a full-time student at least five months during the plan year, or
  - mentally or physically disabled and unable to provide care for himself or herself.

Eligible Dependent Care Expenses

Generally, you may use the money in your Dependent Care FSA for care for:

- Your children under age 13 whom you claim as dependents for tax purposes
- Other dependents of any age who are mentally or physically disabled and whom you claim as dependents for tax purposes (spouses and dependents age 13 and older must spend at least eight hours a day in your home if you are reimbursing yourself for services provided outside the home).

Some typical expenses that are eligible for reimbursement under the plan are:

- Licensed nursery school and day care centers for children
- Licensed day care centers for disabled dependents
- Services from a care provider over the age of 19 (inside or outside the home)
- Day camps
- After-school care

Annual Contribution Amount

The City of Frisco's Dependent Care FSA allows you to contribute as little as $5.00 per pay period ($120 annually). If married and filing a joint tax return, you can contribute up to $208.33 per pay period ($4,999.92 annually). If you are married and file separate tax returns, you can contribute a maximum of $104.16 per pay period ($2,499.84 annually). As with all benefits, these contributions are deducted from the first two checks of each month, for a total of 24 deductions annually. New hires and mid-year enrollees must prorate their contributions. As an example: Your bi-weekly gross salary is $1,000.00. You have Employee Only coverage for Medical, Dental (PPO Plan), and Vision. You elect to contribute $5,000 per year for Dependent Care.

Medical Bi-weekly Premium	$35.00
Dental Bi-weekly Premium	$7.90
Vision Bi-weekly Premium	$4.56
Total Bi-weekly Premiums	$47.46

	With FSA	Without FSA
Gross Pay	$1,000.00	$1,000.00
Before-Tax Premiums (with FSA)	-47.46	-0.00
Dependent Care Contributions (with FSA)	-208.33	-0.00
Taxable Pay	$744.21	$1,000.00
Social Security (7.65% of taxable pay)	-56.93	-76.50
Income Tax (assuming 15% tax bracket)	-111.63	-150.00
After-Tax Pay	$575.65	$773.50
After-Tax Premiums (without FSA)	-0.00	-78.84
Dependent Care (without FSA)	-0.00	-192.31
Take-Home Pay	$575.65	$502.35

Important FSA Considerations

- Any money left in your Health Care FSA at the end of the plan year will be rolled over to pay for expenses through March 15th of the *following* plan year. Claims for reimbursement can be submitted to UHC by April 30, 2013. Any funds remaining after April 30, 2013 will be forfeited, per IRS rules. This is known as the *"use it or lose it"* rule.
- Any money left in your Dependent Care FSA as of December 31, 2011 may ***not*** be rolled over to pay for expenses in another plan year. Any unused funds will be forfeited, per IRS rules.
- For the Dependent Care FSA, you may only be reimbursed up to the balance in your account at the time you file a claim. If your eligible expenses are greater than that amount, the unreimbursed amount will carry over and be reimbursed after your next deposit.
- The Health Care FSA allows you to be reimbursed up to the full amount you elected to contribute for the year—even if your balance is lower.
- The Health Care FSA and the Dependent Care FSA are separate accounts. You cannot use funds from one account to pay for expenses of the other. You also cannot transfer funds between the two accounts.

Term Life & AD&D Insurance

The City of Frisco offers each benefits-eligible employee a term life insurance policy to provide financial protection in the event you or your dependents die while you are employed by the City. The City also offers accidental death and dismemberment (AD&D) insurance to help with expenses in the event you die or become injured as a result of an accident. These benefits are administered by UNUM.

Basic Life & AD&D Insurance

The City of Frisco pays for each benefits-eligible employee the full cost of a Basic Term Life Insurance policy of $50,000 and an AD&D Insurance policy of $50,000. If the cause of death is due to an accident, in addition to term life benefits, your beneficiary may be eligible for AD&D insurance benefits. You could qualify to receive partial AD&D benefits if you suffer serious injuries from an accident.

Benefits Reduce at Age 70 and 75

When you reach age 70, Basic and Optional Life Insurance benefits are reduced to 65% of the original amount. At age 75, benefits reduce to 40% of that amount.

Optional Term Life Insurance

In addition to your City-paid Basic Term Life & Basic AD&D Insurance, you may also purchase Optional Life Insurance for yourself, your spouse and your dependent children. However, you may only elect coverage for your dependents if you elect Optional Life for yourself. You pay the full cost of Optional Life Insurance on an after-tax basis through payroll deductions. Your combined coverage for Basic Term and Optional Term Life Insurance cannot exceed $250,000.

During each Annual Enrollment period or within 31 days of a qualifying event, you may increase the Employee Optional Life amount up to $200,000 without providing Evidence of Insurability (EOI). However, EOI is required if you declined to purchase any of this coverage when you first became eligible for benefits. EOI is required if purchasing over $30,000 for your eligible spouse or if you declined to purchase any of this coverage when you first became eligible for benefits. All EOI must be submitted to UNUM within the deadline and approved by UNUM underwriters before coverage becomes effective. EOI forms are available at CityLink.

Type of Coverage	
Employee	Basic Term AD&D: $50,000 Basic Term Life: $50,000 Optional Term Life: Buy in $10,000 increments up to $200,000 maximum Coverage and premiums are not effective until EOI submitted to and approved by UNUM underwriters.
Spouse	Voluntary Term Life: Buy in $10,000 increments up to $250,000 Not more than 100% of the employee's Basic + Optional combined Coverage and premiums are not effective until EOI submitted to and approved by UNUM underwriters.
Child(ren)	Term Life: Buy $5,000 or $10,000 only The policy covers 1 - 10 children up to age 26. EOI is not required.

Rates for Optional Term Life Insurance

Life insurance rates for the employee and spouse are based on the age the *employee* as of January 1, 2012 or the effective date of benefits coverage. The rates below are per pay period and change annually if the employee moves to the next age bracket.

Employee & Dependent Spouse Optional Life Bi-Weekly Rates	
Employee Age	Employee And Spouse Rates Per $1,000
<25	$.042
25-29	$.042
30-34	$.0505
35-39	$.059
40-44	$.0755
45-49	$.109
50-54	$.1595
55-59	$.2435
60-64	$.403
65-69	$.655
70+	$1.109

To calculate your per pay period deduction for Optional Life insurance for you and your spouse, use the following formula:

Your optional life amount (10k, 20k, etc.) ÷ $1,000 = Pay Period Deduction

The dependent child rate for $5,000 of life insurance coverage is $1.05 per pay period. The rate for $10,000 of coverage is $2.10 per pay period. These rates are the same for up to 10 eligible children until they reach age 26.

Disability

The City of Frisco offers you two disability plans that work together to provide you income if you cannot work because of illness, injury or pregnancy. Short- and Long-term Disability benefits are administered through UNUM.

Short-Term Disability (STD)

You may elect to purchase STD coverage during your initial enrollment period and at Annual Enrollment to provide income for you and your family. Should you become disabled as defined by UNUM, you may qualify for STD benefits. This benefit will replace up to 60% of your weekly pre-disability pay or earnings up to a maximum of $2500 per week, per STD claim. Earnings are defined as gross weekly income before taxes, including overtime pay and any pre-tax contributions to a deferred compensation plan, excluding commissions, bonuses, or other extra compensation. You can supplement this benefit with your accrued sick and vacation hours should you be unable to work because of a disability.

The cost for this benefit is $0.29 per $10 of elected weekly benefit. To calculate your per pay period deduction, use the following formula:

Annual Salary ÷ 52 weeks = Weekly Income

Weekly Income X .60 (benefit pays 60% of your income) = Weekly Benefit

Weekly Benefit ÷ $10 = $_____
X .29 = Monthly Cost

Monthly Cost ÷ 2 pay periods = Your Cost per pay period

If your claim is approved, benefit payments begin after the completion of a thirty (30) day elimination period if the disability is due to a sickness or accident, so benefits would begin on the 31st day of your disability. Your weekly benefit is paid to you on a tax-free basis for up to 90 days as long as you remain disabled. Benefits will not be paid for a disability that begins within 12 months of your coverage effective date and is due to a pre-existing condition. STD coverage is voluntary and paid by the employee. The cost for this benefit is $0.29 per $10 of elected weekly benefit.

If you did not elect STD coverage during the last annual enrollment period, you must complete the Evidence of Insurability form and submit it to UNUM for approval. The complete STD booklet includes details about this benefit and is available at CityLink.

Long-Term Disability (LTD)

The City of Frisco pays the full cost of this benefit for benefits-eligible employees. If you become totally disabled as defined by UNUM and are unable to work for more than 90 days, you may be eligible for Long-Term Disability (LTD) benefits. This benefit replaces up to 60% of your base pay, up to a maximum of $5,500 per month. Your monthly LTD benefit will be reduced by Social Security and any other disability income you are eligible to receive (such as Workers' Compensation). Benefits can be paid up to normal Social Security Retirement Age provided you continue to meet the definition of disability. Plan details are available at CityLink.

Employee Assistance Program

The City realizes the pressures of today's world that can affect the lives of employees both at work and home. The Employee Assistance Program (EAP) is administered by UHC, assuming award of contract at Oct. 4, 2011 Council Meeting, and allows for up to three free visits annually per issue. Employees and their dependents living at home can receive confidential counseling from professional counselors. The City pays the full cost for benefits-eligible employees.

Everyday Issues

You can access the EAP for help with:

- Marital concerns,
- Family concerns
- Individual issues
- Substance use or abuse
- Stress
- Legal concerns
- Financial stress
- Health and wellness

Assistance is available for additional issues.

EAP Helpline: 1-888-887-4114

EAP Website: **www.myuhc.com**

Confidential Counseling Available 24/7

WorkLife Benefits

You may contact UHC regarding all the issues listed below on an unlimited basis:

- Eldercare, childcare, and dependent care consultations and referrals
- Convenience services
- Medicare counseling

Financial Consultation

The financial consultation offers employees proactive information and guidance for questions related to financial issues, as well as strategic action plans when dealing with more reactive financial problems. The financial consultant will review an individual's past history, examine the current situation and work with the individual to develop a financial plan or a resolution strategy. You can receive one free 30-minute telephonic consultation per each new issue with a financial counselor on the following topics:

- Credit counseling
- Debt and budgeting
- Mortgages
- Retirement planning
- Tax questions
- You can also visit www.myuhc.com for a library of forms, articles, FAQ's and calculators.

Legal Consultation

You can receive one free 30-minute telephonic or face-to-face consultation with a network attorney or mediator per each new issue and free simple will preparation. You can also receive a 25% discount from usual rates for additional work with a network attorney and a 10% discount from usual rates for telephonic and online assistance to help prepare legal documents such as divorce forms, estate planning forms, immigration forms and more.

Accident Benefits

The City will continue to offer a supplemental accident policy should you or your eligible dependents suffer an accident. This Accident Policy is administered by AFLAC. The employee pays the full cost of this benefit through after-tax deductions. Benefit details are available at CityLink and ESS. Claims can be filed by contacting Dennis Esarte, AFLAC District Sales Coordinator, at 972-302-2034.

Features

This policy includes the following:

- 24-hour coverage
- No limit on the number of claims
- Pays regardless of any other insurance plans you may have
- Benefits available for your Spouse and/or Dependent Children
- Benefits for both inpatient and outpatient treatment of Covered Accidents
- Guaranteed issue (No underwriting is required to qualify for coverage)
- Portable coverage (policy can continue after termination of employment)

EMPLOYEE PREMIUM PER PAY PERIOD	
Coverage Level	**Your Cost**
Employee Only	$8.10
Employee + Spouse	$11.59
Employee + Child(ren)	$15.45
Employee + Family	$18.94

If you currently have other AFLAC policies for which you have been paying through payroll deductions, you may continue these benefits with no action on your part. If you wish to cancel any AFLAC policies you currently have, you must complete an AFLAC cancellation form and submit it to Human Resources within your enrollment deadline. The cancellation form is available at CityLink.

Contact Information

Who to Contact	Phone/Web Address	For Information On:
Medical and Prescription– UHC	1-800-842-5658 **www.myuhc.com**	ID cards, eligibility, providers, claim status, prescription drugs, covered services; pre-certification of a hospital stay or surgery
Employee Assistance Plan – UHC	1-888-887-4114 **www.myuhc.com**	To discuss personal, work, legal, or financial issues
Dental – Delta Dental PPO	1-800-521-2651 **www.deltadentalins.com**	Benefits, eligibility, claim status, provider directory
Dental – Assurant Dental DHMO	1-800-443-2995 **www.assurantemployeebenefits.com**	Benefits, eligibility, claim status, provider directory
Vision – VSP	1-800-521-2651 **www.vsp.com**	Benefits, eligibility, claim status, provider directory
Life and AD&D –UNUM	1-800-445-0402	Basic Life and AD&D , Supplemental Life and AD&D and Dependent Life
Disability – UNUM	1-800-633-7479	File a claim, inquire about claim status
FSA – UHC	1-800-323-5391 **www.myuhc.com**	File a claim, inquire about claim status
AFLAC	972-302-2034 Dennis Esarte	File a claim, ask questions
Human Resources	972-292-5200 **benefits@friscotexas.gov** **http://citylink/pages/home.aspx**	City benefits including retirement plan; qualifying events such as change in family status; ID cards; beneficiary designations and changes; forms; claim issues; prescription drugs; Employee Self-Service
Retirement – TMRS	1-800-924.8677 **https://www.tmrs.org/MyTMRS/Logon**	Retirement benefits; retirement estimates; account balance; service history
Retirement (457) – ICMA	(877) 313-8316 **http://icma-rc.org/** Eunice Brogdon – Retirement Plan Specialist	Account information including balance and beneficiary; change forms

Required Health Coverage Notices For Your Files

This brochure contains legal notices that are required to be distributed to participants in group health plans sponsored by the City of Frisco.

The notices included in this brochure are:

- **Medicare Part D Notice –** Provides information about how your current prescription drug coverage under the City of Frisco health care plans is affected—and your options for coverage—when you become eligible for Medicare.
- **COBRA Rights Notice -** Explains when you and your family may be able to temporarily continue coverage under the City of Frisco health plans if coverage would otherwise end for you.
- **HIPPA Notice –** Explains your if you have a right to have pre-existing conditions waived
- **Newborn & Mothers Health Protection Notice -** Describes federal laws that govern benefits for hospital stays for mothers following the birth of child.
- **Women's Health and Cancer Rights Act –** Summarizes the benefits available under your medical plan if you have had or plan to have a mastectomy.
- **Patient Protection Disclosure -** Explains who you and your family can designate as a primary care provider under the health plans and rules around access to obstetrical/gynecological care.

FRISCO
PROGRESS IN MOTION

Medicare Part D Notice

Important Notice from the City of Frisco About Your Prescription Drug Coverage and Medicare

This notice applies to employees or dependents who are eligible for Medicare benefits and who are participating in the City of Frisco medical plan (referred to as the "City of Frisco Health Plan" in this notice).

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with the City of Frisco and prescription drug coverage available for people who are eligible for Medicare. An individual generally becomes eligible for Medicare at age 65, so if you are covered by a City of Frisco Health Plan for individuals over age 65, this notice applies to you. Individuals also can become eligible for Medicare due to disability or end-stage renal disease. So, if you are covered under a City of Frisco Health Plan for active employees or for retirees under age 65, it is possible that you or a dependent may become eligible for Medicare for one of these reasons, in which case this notice will also apply to you.

This notice explains the options available to Medicare-eligible individuals under Medicare prescription drug coverage. If you or a dependent is eligible for Medicare, this notice can help you decide whether or not you want to enroll. At the end of this notice is information about where you can get help making decisions about your prescription drug coverage.

Medicare prescription drug coverage became available in 2006 to everyone with Medicare through Medicare prescription drug plans and Medicare Advantage Plans that offer prescription drug coverage. All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium. The City of Frisco has determined that the prescription drug coverage offered through the City of Frisco Health Plan for all plan participants, on average, is expected to pay out as much as the standard Medicare prescription drug coverage will pay. This means that the coverage is considered "Creditable Coverage."

Individuals can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from January 15 through December 7. Beneficiaries leaving employer coverage may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan.

If you are currently eligible for Medicare, you should compare your current City of Frisco Health Plan coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. You should also note what happens to your City of Frisco Health Plan coverage if you choose to enroll in a Medicare prescription drug plan:

- **If you are an active employee** and you decide to enroll in a Medicare prescription drug plan and drop your The City of Frisco Health Plan prescription drug coverage, you and your dependents may not be able to re-enroll in the City of Frisco Health Plan coverage until the next annual enrollment period.

- **If you are a retiree** and you decide to enroll in a Medicare prescription drug plan and drop your City of Frisco Health Plan prescription drug coverage, you and your dependents will not be able to re-enroll in the City of Frisco Health Plan coverage in the future.

Also, note that under the City of Frisco Health Plan you are automatically enrolled for prescription drug coverage if you are enrolled for medical coverage. You cannot drop the prescription drug coverage unless you also drop medical coverage. Please contact the Human Resources Department for more information about what happens to your coverage if you enroll in a Medicare prescription drug plan.

You should also know that if you drop or lose your coverage with your the City of Frisco Health Plan and don't enroll in Medicare prescription drug coverage after your current coverage ends, you may pay more (a penalty) to enroll in

Medicare prescription drug coverage later. If you go 63 days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage, your monthly premium will go up at least 1% per month for every month that you did not have that coverage. For example, if you go 19 months without coverage, your premium will always be at least 19% higher than what many other people pay. You'll have to pay this higher premium as long as you have Medicare prescription drug coverage.

In addition, you may have to wait until the following October to enroll. For more information about this notice or your current prescription drug coverage, call Human Resources at 972-292-5203.

You will receive this notice annually and at other times in the future, for example if your City's Health Plan prescription drug coverage changes. You also may request a copy of the notice. More detailed information about Medicare plans that offer prescription drug coverage is in the *Medicare & You* handbook. Eligible individuals usually receive a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans. For more information about Medicare prescription drug plans:

- Visit www.medicare.gov.
- Call your State Health Insurance Assistance Program (see your copy of the *Medicare & You* handbook for the telephone number) for personalized help.
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for Medicare prescription drug coverage is available. Information about this extra help is available from the Social Security Administration (SSA) at www.socialsecurity.gov or 1-800-772-1213 (TTY 1-800-325-0778).

Date: 01/01/2012
Name of Entity/Sender: The City of Frisco
Contact/Office: Human Resources
Address: 6101 Frisco Square Blvd, Frisco, Texas 75034
Phone Number: 972-547-7562

Remember: Keep this notice. If you enroll in a Medicare-approved plan that offers prescription drug coverage, you may be required to provide a copy of this notice when you join to show that you are not required to pay a higher premium amount.

COBRA Rights Notice

You are receiving this notice because you have recently become eligible for coverage under the City of Frisco group health plan (the Plan). This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the City of Frisco Plan. **This notice generally explains COBRA continuation coverage, when it may become available to you and your family and what you need to do to protect the right to receive it.**

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose their group health coverage. For additional information about your rights and obligations under the Plan and under federal law, you should review your Summary Plan Description or contact the City of Frisco's Human Resources Department.

What Is COBRA Continuation Coverage?

COBRA continuation coverage is a continuation of group health plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event occurs, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of a qualifying event. Qualified beneficiaries who elect COBRA continuation coverage must pay for that coverage.

You will become a qualified beneficiary if you lose your coverage under the Plan because either one of the following qualifying events happens:

- Your hours of employment are reduced; or
- Your employment ends for any reason other than your gross misconduct.

Your spouse will become a qualified beneficiary if he or she loses coverage under the Plan because any of the following qualifying events happens:

- Your hours of employment are reduced;
- Your employment ends for any reason other than your gross misconduct;
- Your death;
- Your entitlement to Medicare benefits (under Part A, Part B or both); or
- You become divorced or legally separated.

Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because any of the following qualifying events happens:

- Your hours of employment are reduced;
- Your employment ends for any reason other than your gross misconduct;
- Your death;
- Your entitlement to Medicare benefits (under Part A, Part B or both);
- Your divorce or legal separation; or
- The dependent stops being eligible for coverage under the Plan as a "dependent child."

When Is COBRA Coverage Available?

The City of Frisco will offer COBRA continuation coverage to qualified beneficiaries only after it has been notified that a qualifying event occurred. For the following qualifying events, the City of Frisco will notify the administrator for COBRA continuation coverage of the qualifying event:

- Your hours of employment are reduced;
- Your employment ends;
- Your death; or
- Your entitlement to Medicare benefits (under Part A, Part B or both).

You Must Give Notice of Some Qualifying Events

For the following qualifying events, you or a family member must notify Human Resources at 972-292-5200 within 30 days after the qualifying event occurs:

- Your divorce or legal separation; or
- Your dependent's loss of eligibility for coverage as a "dependent child."

You must notify the City of Frisco of the qualifying event by calling Human Resources at 972-292-5200.

How Is COBRA Coverage Provided?

Once Human Resources receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. You may elect continuation coverage on behalf of your spouse and dependent children. Your spouse may also elect continuation coverage on behalf of your dependent children.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is one of the following events, COBRA continuation coverage lasts for up to a total of 36 months for your spouse and dependent children:

- Upon your death;
- Upon your divorce or legal separation; or
- If your dependent stops being eligible for coverage under the plan as a "dependent child."

When the qualifying event is one of the following events, COBRA continuation coverage lasts for up to a total of 18 months for qualified beneficiaries:

- Your hours of employment are reduced; or
- Your employment ends for any reason other than your gross misconduct.

When the qualifying event is your reduction in hours or your termination of employment and you became entitled to Medicare benefits prior to the qualifying event, additional coverage for your spouse and dependents may be available. Your spouse and dependents would be eligible to receive up to 36 months of COBRA continuation coverage from the date of your entitlement to Medicare. For example, if you became entitled to Medicare eight months before the date your employment terminates, COBRA continuation coverage for your spouse and dependent children can continue for up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months prior to the qualifying event).

The following are ways in which an 18-month period of COBRA continuation coverage can be extended:

Disability Extension of 18-Month Period of Continuation Coverage

COBRA coverage may be available for you and your family up to a total of 29 months at a higher premium if:

- You, your covered spouse or your covered dependents (including newborn and newly adopted children) are determined to be disabled, as defined by the Social Security Act, prior to the qualifying event or during the first 60 days of COBRA coverage;
- The Social Security Administration's disability determination is received within the disabled individual's 18 months of COBRA coverage;
- The disability lasts at least until the end of the 18-month period of continuation coverage; and
- Human Resources Department is notified of the Social Security Administration's disability determination within 60 days of the disabled individual's receipt of a Social Security Disability award. If the disability determination occurred before COBRA coverage started, you're required to notify Human Resources Department within the first 60 days of COBRA coverage.

You, your covered spouse or your covered dependents must notify Human Resources within 60 days of receipt of the disability determination and prior to the end of the initial 18-month continuation period in order to receive the coverage extension. To notify Human Resources of the disability determination, call 972-292-5200.

You, your covered spouse or your covered dependents must notify Human Resources within 30 days of the date the disability ends by calling 972-292-5200.

Second Qualifying Event Extension of 18-Month Period of Continuation Coverage

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, your spouse and dependent children can receive up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months. Additional continuation coverage is available only if the event would have caused your spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred. These events include:

- Your death;
- Your entitlement to Medicare (under Part A, Part B or both);
- Your divorce or legal separation; or
- Your dependent stops being eligible for coverage under the plan as a "dependent child."

You, your covered spouse or your covered dependents must notify Human Resources within 60 days after the event occurs in order to receive this additional coverage. To notify Human Resources of the qualifying event, call 972-292-5200.

Events That May Change Continued Coverage

Once your COBRA coverage begins, you may be able to change your COBRA coverage elections based on plan rules if you experience a qualified change in status. You, your covered spouse or your covered dependents must notify Human Resources by calling 972-292-5200 within 60 days of the qualified change in status to change your COBRA coverage. Refer to your Summary Plan Description available at CityLink for detailed information on allowable changes in status. Adding family members to COBRA coverage may result in a higher premium for this additional coverage.

You may also change COBRA coverage if a child is born to the covered employee or placed for adoption with the covered employee during the 18-, 29- or 36-month continuation period. In such case, you must notify Human Resources by calling 972-292-5200 within 60 days of the birth or placement to cover the new dependent as a qualified beneficiary under COBRA. There may be a higher premium for this additional coverage.

Events That End Continued Coverage

COBRA coverage will end automatically upon the expiration of the 18-, 29- or 36-month continuation periods described on the previous pages. In addition, COBRA coverage will end automatically if any of the following situations occur:

- The City of Frisco stops providing group health benefits;
- Premiums are not paid within 30 days of the due date (with the exception of the initial premium which is due within 45 days of your election date); or
- A person eligible for continued benefits becomes covered under any other group health plan (unless the health plan has an enforceable pre-existing condition clause) or becomes entitled to Medicare.

  If your coverage ends because of expiration of the 18-, 29- or 36-month limit, you may be able to convert coverage to an individual policy if this right currently exists in the Plan.

Address Information

Be sure to keep your current address information up to date with the City of Frisco. Doing so is the only way to ensure that important benefit information will reach you.

For More Information

If you have any questions about COBRA continuation coverage, call Human Resources at 972-292-5200.

Other Notices

HIPAA Notice

If you were covered under a prior qualified plan and have lost coverage no more than 63 days prior to the effective date of this plan, you may be eligible to have all or part of the pre-existing condition limitation waived. You must provide United Healthcare with a Certificate of Creditable Coverage from your prior qualified insurance plan.

Newborn & Mothers Health Protection Notice

For maternity hospital stays, in accordance with federal law, the Plan does not restrict benefits, for any hospital length of stay in connection with childbirth for the mother or newborn child, to less than 48 hours following a vaginal delivery or less than 96 hours following a Cesarean delivery.

However, federal law generally does not prevent the mother's or newborn's attending care provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours, as applicable). The plan cannot require a provider to prescribe a length of stay any shorter than 48 hours (or 96 hours following a Cesarean delivery).

Women's Health and Cancer Rights Act of 1998

If you have had or are going to have a mastectomy, you may be entitled to certain benefits under the Women's Health and Cancer Rights Act of 1998 (WHCRA). For individuals receiving mastectomy-related benefits, coverage will be provided in a manner determined in consultations with the attending physician and the patient, for:

- All states of reconstruction of the breast on which the mastectomy was performed
- Surgery and reconstruction of the other breast to produce a symmetrical appearance
- Prostheses
- Treatment of physical complications of the mastectomy, including lymphedema

These benefits will be provided subject to the same deductibles, co-pays and coinsurance applicable to other medical and surgical benefits provided under your medical plan. For more information on WHCRA benefits, contact Human Resources at 972-292-5200 or your medical plan administrator.

Patient Protection Disclosure

The City's medical plans generally allow the designation of a primary care provider. You have the right to designate any primary care provider who participates in our network and who is available to accept you or your family members. For information on how to select a primary care provider, and for a list of the participating primary care providers for a specific medical plan option, contact Human Resources at 972-292-5200.

For children, you may designate a pediatrician as the primary care provider. You do not need prior authorization from the City or from any other person (including a primary care provider) in order to obtain access to obstetrical or gynecological care from a health care professional in our network who specializes in obstetrics or gynecology. The health care professional, however, may be required to comply with certain procedures, including obtaining prior authorization for certain services, following a pre-approved treatment plan, or procedures for making referrals. For a list of participating health care professionals who specialize in obstetrics or gynecology, contact Human Resources at 972-292-5200.

2012 City of Frisco Holiday Schedule

The dates below are observed by the City of Frisco as holidays and offices are closed for business.

❖ New Year's Day	Monday	January 2, 2012
❖ Memorial Day	Monday	May 28
❖ Independence Day	Wednesday	July 4
❖ Labor Day	Monday	September 3
❖ September 11th Holiday	Tuesday	Firefighters Only**
❖ Thanksgiving Day	Thursday	November 22
❖ Day After Thanksgiving	Friday	November 23***
❖ Christmas Eve	Monday	December 24
❖ Christmas Day	Tuesday	December 25
❖ New Year's Day 2013	Tuesday	January 1, 2013

** Firefighters as defined by the City of Frisco Personnel Policies
*** Except Firefighters
Note: 'Firefighters' as defined by the City of Frisco Holiday policy in section 8.6.2.

Opt Out of Medical Coverage

Certification of Other Comparable Coverage

Instructions:

1. Please print clearly.

2. Attach proof of other comparable medical insurance coverage that shows you as a covered member (ID card, letter from insurance company, copy of enrollment information). Dates must be included and coverage is subject to verification.

3. Return this form and **proof of other comparable medical coverage** to Human Resources within the applicable deadline.

4. Check one box only and provide the dates requested.

☐ New-Hire ☐ Annual Enrollment ☐ Qualified Change in Status Event

Hire Date _____ Event Date _____ Notification Date _____

Your Opt Out election is effective the 1st of month following the notification date; notification must be provided within 31 days of the event.

_____ _____

Last Name First Name

_____ _____

Social Security Number Work Phone

_____ _____

Home Address City State Zip

I elect to Opt Out of the City of Frisco's sponsored medical plan. This Opt Out election is subject to the provisions of the City of Frisco's Cafeteria Plan, benefit plans and personnel policies. Any reference to "other coverage" means "other comparable coverage" and generally refers to another employer's group health plan (typically spouse coverage), and does not include Medicare, Medicaid, a student health plan, or coverage which is not comparable. I have been given an opportunity to ask questions about the Opt Out election and understand and agree to all of the conditions listed below.

1. The City of Frisco can disregard this form. If the City has reason to believe this Certification is incorrect, invalid, or that I do not have other comparable coverage, my Employer reserves the right to disregard this Certification. The City can request proof of other comparable coverage at any time.
2. I cannot change this election unless specific circumstances apply. Once I opt-out of medical coverage, the election cannot be changed until the next annual enrollment period unless I experience a Qualifying Event. If I experience a Qualifying Event, I can make a new election for medical coverage as long as the election is consistent with the Qualifying Event.

3. I must submit my documents within the deadline. The City of Frisco must receive this signed Certification and proof of other comparable coverage no later than the applicable deadline described above. The information is considered received by the City when received by Human Resources.
4. If I do not turn in my documents on time, I cannot elect Opt Out, even if I have other comparable medical coverage. If I elect to opt out of the City of Frisco's sponsored medical plan but fail to provide the signed Certification of Other Comparable Coverage Form and valid proof of other comparable medical coverage by the date due, and:
   - I am a newly-hired employee, I will be enrolled in the City's designated default election plan, Employee Only coverage (no dependent coverage); or
   - I am currently enrolled in the City's medical plan, then this Opt Out election is considered void and I will remain enrolled in the plan and coverage level in force as if this election was not made, subject to the terms of the underlying plans.
5. If I Opt Out, I am considered absent from the City's medical plans. Therefore, I am not eligible for continuation of medical coverage (COBRA).
6. I am not required to provide insurance coverage to dependents under a court order. I further confirm I am not required to provide insurance to dependents under a Qualified Medical Child Support Order (QMCSO.)
7. It is my responsibility to notify the City of Frisco within 31 days of the date my alternate medical insurance coverage ends. If I fail to do so, I acknowledge I may be enrolled in the City's designated default election plan, Employee Only coverage, and I authorize payroll deductions for any premium due. I further acknowledge I may not be eligible to enroll in the Employer sponsored medical plan of my choice until the next Annual Enrollment period.

Signature

I certify that I am covered by other comparable medical insurance coverage from a source other than the City of Frisco and agree to comply with the conditions as described above.

_____ _____

Signature Date

The City of Frisco

In all events, the terms of the Plan as set forth in the Plan document govern and, as a result, no statements made outside of the Plan document, whether verbal or written, change or modify the terms of the Plan. The Plan can be amended only in writing and only by the City of Frisco, through the City Council or its authorized designee, including the Director of Human Resources. Other than the City Council or its authorized designee, no individual or entity has the authority to change the terms of the Plan or to commit to any benefit or benefit provisions not set forth in the terms of the Plan, including, but not limited to, changing the eligibility criteria for any benefit.